



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

STATE OF CALIFORNIA ♦ OFFICE OF GOVERNOR GAVIN NEWSOM



California Competes Application Workshop

Fiscal Year 2023-2024



Agenda

California Competes Program

- Tax Credit and Grant Program Information
- Evaluation Criteria
- Application Deadlines, Process, and Guide
- Example
- Q&A

California Competes Programs

California Competes Tax Credit (CCTC)

- Credit against the income tax due the Franchise Tax Board
- Non-refundable
- 6 tax year carryover

California Competes Grant Program (CCGP)

- Grant funding intended for businesses that are unable to take advantage of a non-refundable income tax credit

California Competes Programs (Continued)

Accountability:

- Tied to achieving contractual (hiring/investment) milestones
- Recapture provisions

California Competes Programs (Continued)

California Competes Grant is available to businesses of any size that meet at least one of the following criteria:

- Will create at least 500 new full-time jobs in California
- Will make at least \$10 million of capital investments in facility construction and/or renovation
- Will create the jobs or make the investments in an area of High Unemployment and/or Poverty as defined in the California Competes Tax Credit [regulations](#)

California Competes Programs (Continued)

Awards are based on 14 factors:

- Number of jobs created or retained
- Compensation paid to employees
- Amount of investment
- Duration of proposed project and commitment to remain in this state
- Extent of unemployment or poverty in business area
- Extent the benefit to the state exceeds the amount of the credit or grant
- Incentives available in other states
- Opportunity for future growth and expansion
- Other incentives available in California
- Overall economic impact
- Strategic importance to the state, region, or locality
- Training opportunities offered to employees
- Commitment to treating workforce fairly and creating quality, full-time, wage and salary jobs
- Extent to which the credit or grant influences the applicant's decision to relocate jobs into California from states that have enacted laws that:
 - Permit discrimination on the basis of sexual orientation, gender identity, or gender expression; or
 - Deny or interfere with women's reproductive rights

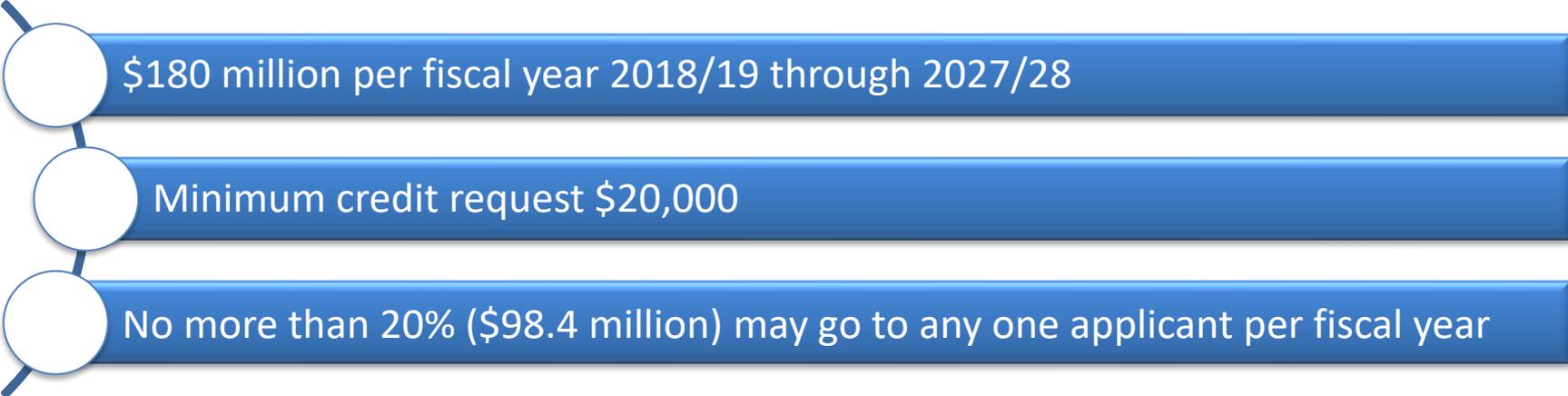
California Competes Programs (Continued)

GO-Biz is also required to evaluate the extent to which the credit or grant will influence the applicant's ability and/or willingness to create new full-time jobs in California that might not otherwise be created by the applicant or another California business

- How will this credit or grant and – more specifically – the *amount* requested factor into the applicant's ability or willingness to expand in California?
- The Frequently Asked Questions on the GO-Biz [website](#) provide additional guidance.

California Competes Tax Credit Availability

Amount of Credits Available



\$180 million per fiscal year 2018/19 through 2027/28

Minimum credit request \$20,000

No more than 20% (\$98.4 million) may go to any one applicant per fiscal year

California Competes Grant Availability

Amount of Grants Available



\$120 million in one-time (fiscal year 2023/24) funding

Minimum grant request \$5 million

No more than 30% (\$36 million) may go to any one applicant per fiscal year*

*The 30% maximum will not apply if the grant will be used as a state match for a business applying for or obtaining federal incentives to conduct semiconductor research and development or manufacturing in California.

Application Periods

A total of \$492,129,004 in California Competes Tax Credit is available for allocation in the 2023-2024 fiscal year. The Director of GO-Biz sets the application periods each fiscal year:

Fiscal Year 2023-2024

July 24, 2023 – August 14, 2023

\$164 million in tax credits available

\$120 million in grants available

January 2, 2024 – January 22, 2024

\$164 million in tax credits available

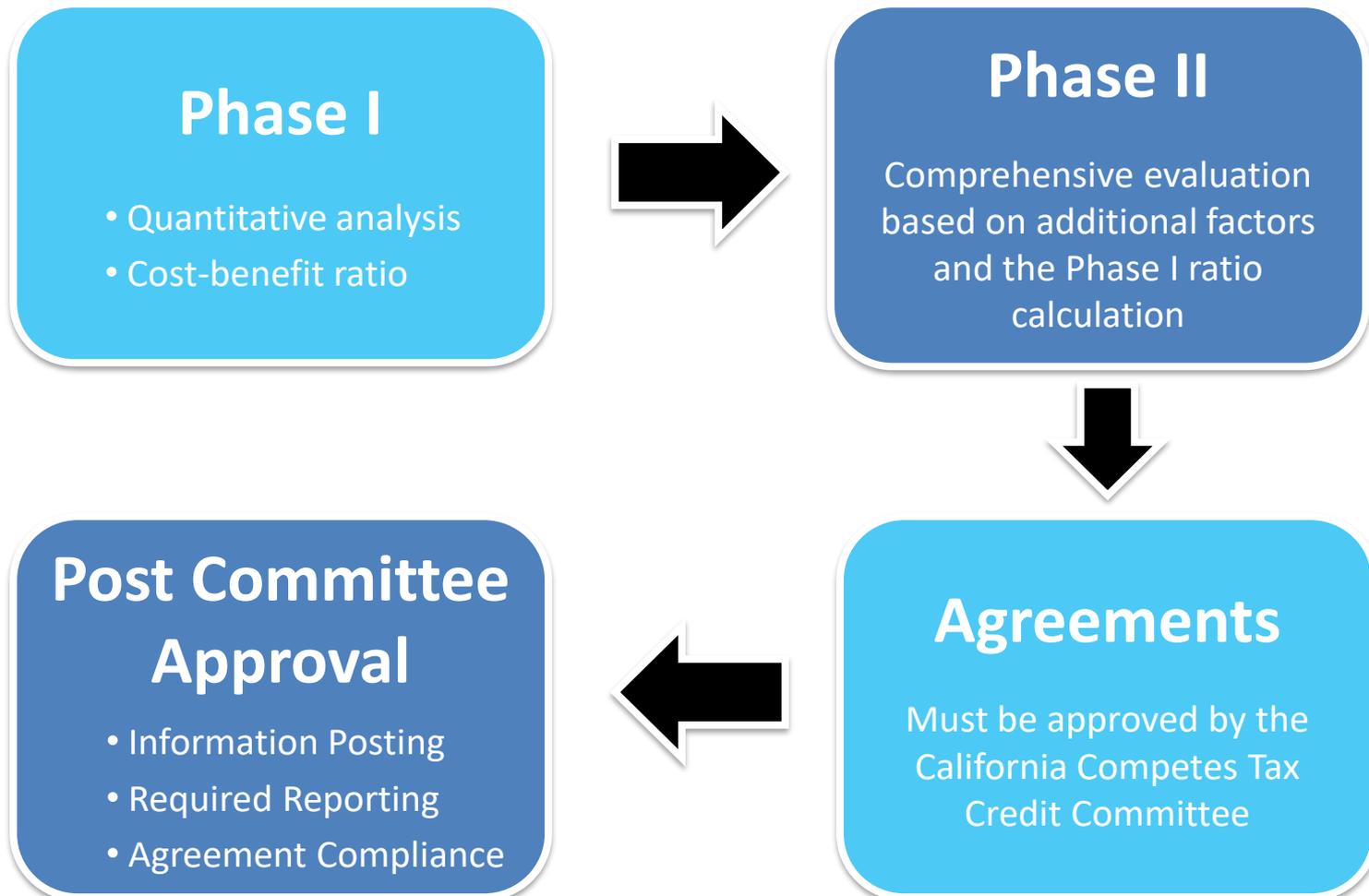
March 4, 2024 – March 18, 2024

\$164 million in tax credits available plus any unallocated remaining amounts

Application Process

- Online application submission:
<https://www.calcompetes.ca.gov>
- Notices and technical assistance:
<https://www.business.ca.gov/CalCompetes/>
- Applicants may only apply for either the grant or tax credit.
- Unsuccessful tax credit applicants may resubmit applications after updating the **Employees** and **Investment** sections and **Current Tax Year**.
- Unsuccessful grant applicants may apply for a tax credit during a subsequent application period.

Application and Award Process



Phase I Evaluation

Cost-Benefit Ratio:

Amount of Credit or Grant Requested

Aggregate Employee
Compensation

+

Aggregate
Investment

Applications with the most advantageous cost-benefit ratio will be moved to Phase II

There will be a review of the top 200% of applicants respectively for each program

Exemptions to the Phase I Calculation

GO-Biz may move an application to Phase II, regardless of the ratio, if the applicant certifies that:

- a. absent award of the credit or grant, the applicant's project may/will occur in another state, or the applicant may/will terminate or relocate all or a portion of its employees to another state, or
- b. at least 75% of the applicant's net increase of full-time employees work at least 75% of the time in an area of high unemployment or high poverty

High Poverty and Unemployment Areas

High Poverty Area

- A city and/or county within California with a poverty rate of at least 150% of the California statewide poverty rate per the most recently updated data available from the U.S. Census Bureau's American Community Survey thirty days prior to the first day of the applicable application period.

High Unemployment Area

- A city and/or county within California with an unemployment rate of at least 150% of the California statewide unemployment rate per the most recently updated data available from the California Employment Development Department thirty days prior to the first day of the applicable application period.

A list of qualifying high unemployment and high poverty areas will be posted on the California Competes [website](#) approximately 30 days prior to the close of an upcoming application period.

Phase II Evaluation

- Phase I information
- Extent of unemployment/poverty
- Economic impact
- Number of retained employees
- Opportunity for growth/expansion
- Other incentives available
- Wages/benefits
- Strategic importance
- Training opportunities offered to employees
- Commitment to treating workforce fairly and creating quality, full-time, wage and salary jobs
- Extent to which the credit or grant influences the applicant's decision to relocate jobs into California from states that have enacted laws that:
 - Permit discrimination on the basis of sexual orientation, gender identity, or gender expression; or
 - Deny or interfere with women's reproductive rights
- Other information requested

Note: Evaluated factors are in no particular order

Agreements

Terms and conditions of the agreements include:

- Minimum employee compensation and retention period
- Credit or grant distribution period
- Recapture provisions if applicant fails to meet commitments

Tax credit or grant agreements must be approved by California Competes Tax Credit Committee

- Committee Members: State Treasurer, Director of the Department of Finance, two legislative appointees, and the Director of GO-Biz (Chair)

Agreements

Taxpayer: Widget Manufacturing, Inc.

	2022 Tax Year (Base)	2023 Tax Year	2024 Tax Year	2025 Tax Year	2026 Tax Year	2027 Tax Year	Total
Total California Full-Time Employees ¹	48	51	56	66	83	88	
Net Increase of Full-Time Employees Compared to the Base Year		3	8	18	35	40	
Minimum Annual Wage of California Full-Time Employees Hired		\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	
Cumulative Average Annual Wage of California Full-Time Employees Hired		\$60,000	\$60,000	\$60,000	\$64,286	\$67,500	
Investments		\$0	\$10,000,000	\$7,660,000	\$0	\$0	\$17,660,000
Tax Credit Allocation		\$82,500	\$137,500	\$275,000	\$467,500	\$137,500	\$1,100,000

¹ Determined on an annual full-time equivalent basis

Post Committee Approval

GO-Biz is required to post information on its website for all awardees

Name	Download Link	Primary Location(s)	Industry	Net Increase of Full-Time Employees	Investments	Amount of Tax Credit	Date Agreement Approved (yyyy/mm/dd)	Amount Recaptured
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For a list of all tax credit awardees, visit the [tax credit awardee list](#).

For a list of all grant awardees, visit the [grant awardee list](#).

Oversight/Accountability

Franchise Tax Board (FTB)

- Access to application and all documentation
- Must review books/records for agreement compliance

Material Breach

- FTB informs GO-Biz
- Committee approves or denies recapture

California Competes Application Guide



Fiscal Year 2023-2024



Key Definitions

General Definitions

Project	The applicant's proposed business venture that will result in increased employment/investments in California
Applicant	The legal name of the business (taxpayer) that is registered with the California Secretary of State or otherwise legally authorized to do business in California.
Base Year	The applicant's taxable year immediately preceding the taxable year in which the application is submitted



Key Definitions

Employment Definitions

Full-time Employee	An individual paid wages for services in California of not less than an average of 35 hours per week (W-2 Employees)
Annual Full-time Equivalent	A method of accounting for full-time employees that worked (or will work) less than a full year during the applicant's taxable year
Aggregate Employee Compensation	A method of accounting for wages of full-time employees on an annual full-time equivalent basis for the current tax year plus four subsequent tax years
Wages	Is the amount of monetary compensation a full-time employee (whether paid by the hour or a salary) is paid by the applicant per year and does not include tips, overtime, bonuses, commissions, stock options, benefits, or other compensation of any kind. When answering the questions that request the minimum and average wages of California full-time employees to be hired, use the wages the full-time employee(s) would make in a full year of employment, without regard to the projected date of hire



Key Definitions

Investment Definitions

Investment	The amount paid for “real” and “personal” property purchased or leased after the close of the current application period, directly related to the applicant’s proposed project.
Real Property	Is any property located in this state that is attached directly to land, as well as the land itself. It includes, but is not limited to all, land, structures, firmly attached and integrated equipment, anything growing on the land, and all other “interests” in the property which may be the right to future ownership, right to occupy for a period of time, or an easement across another's property. Real property also includes capitalized costs related to new construction, reconstruction, or expansion of buildings or structures which will be used in the applicant's trade or business in connection with the project and are subject to depreciation.
Personal Property	Is property that is tangible, movable property, including, but not limited to, vehicles, movable fixtures, equipment, electronic devices, intangible property, including, but not limited to, software licenses, intellectual property acquired in connection with the project that has a quantifiable value, and other business assets which are subject to depreciation.



Key Definitions

Investment Definition for California Competes Grant Program (CCGP)

Significant Infrastructure Investment	Project requiring construction or renovation expenditures of at least ten million dollars (\$10,000,000) over no more than five years, in this state.
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Applicants will identify all proposed investments (as defined by the regulations) in the application; however, only investments that fall under this definition will count towards application eligibility for the CCGP (if not seeking eligibility with one of the other two criteria).



Documents Needed

- ✓ Payroll records for full-time employees employed by the applicant in its prior tax year (i.e., base year)

- ✓ 5-year business plan, including:
 - Projected number of new full-time employees, their job classifications, and wages
 - Projected amount of new investment

Creating an Account

Welcome to
California Competes



Click [here](#) for more information about California Competes.

Log In

To log in, you will need a key emailed to you.

Email

Email Key

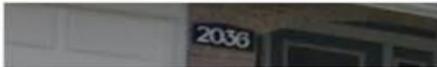
I already have a key Create an account

Go to
www.calcompetes.ca.gov
to create an account

Creating an Account (Continued)

Create an Account

Human verification

Type the text [Privacy & Terms](#)

First Name

Middle Initial

Last Name

Title

Company

Phone (Primary)

Phone (Alternate)

Email

Your email address will be used to log you into the application. To avoid delays when logging in, specify an email address that does not forward to other addresses.

Email

Reenter Email

Create Account

Login (Continued)

Subject: Cal Competes Login

(This information will expire 30 minutes after it is sent.)

Use this key to log in.

238257

Or just click on this link to log in

<https://www.calcompetes.ca.gov/Public/Auth.aspx?id=3-hClslLFtSBtjwhhMgrE9LMK5XealLjBIEO3TZNL3hhdX8HEhib0Ux2F35HbRJAYB12sv1yXWVX493PDmeM4Y>

Creating an Application

Welcome to
California Competes



Click [here](#) for more information about California Competes.

Start

Create a New Application



My Applications



Creating an Application (Continued)

Create Application

Application Type

Applicant's Legal Business Name

Has the applicant previously been awarded a California Competes Tax Credit?

Applicant's Current Taxable Year (As of **(Select a Year)**)

Accounting Period End Date **(Select an Accounting Period)**

Accounting Period End Date (If Other)

Description of Other Accounting Period End Date (Optional)

Create Application

Date will reflect the last day of each application period.

Applicant's Current Taxable Year changes depending on the last day of the application period.

Creating an Application (Continued)

Create Application

Application Type

Grant Qualification Questions

Will the applicant create at least 500 new, full-time jobs in this state, determined on the basis of an annual full-time equivalent, as defined in [Section 8000 of Title 10 of the California Code of Regulations](#)?

Will the applicant make a significant infrastructure investment, defined as a project requiring construction or renovation expenditures of at least ten million dollars (\$10,000,000) over no more than five years, in this state?

Will the applicant will create jobs or make the investments in a high-poverty area or high-unemployment area, as defined in [Section 8000 of Title 10 of the California Code of Regulations](#)? Please click here for a list of cities and counties that meet this criteria.

For the grant only, the applicant must answer “yes” to **at least one** of the three questions to be eligible to apply.

The Application

Sections	
Contact Information	Not Started >
Business Information	Not Started >
Business Structure	Not Started >
Proposed Project	Not Started >
Project Locations	Not Started >
Employees	Not Started >
Investment	Not Started >
Ownership	Not Started >
Incentives and Programs	Not Started >
Litigation and Violations	Not Started >
Consultant Questions	Not Started >

Submit Options Report Phase II

Contact Information

 **Add Contact**

First Name

Last Name

Email

Confirm Email

Title

Phone

Mailing Address

Contact Relationship

Other Relationship

This is the primary contact and is the person authorized to speak and negotiate on behalf of the applicant with GO-Biz. The primary contact will receive communication from GO-Biz regarding the status of the application.

Note: If the primary contact is not the applicant or an employee of the applicant, please add an additional contact that is the applicant or an employee of the applicant. If you want a contact to be able to edit the application, please click the "Options" button the Application Summary screen, select Application Users.

Add Contact **Cancel** 

Multiple contacts can be added. The primary contact will receive communication from GO-Biz regarding the status of the application.

Business Information

Primary Place of Business

Address Line 1

Address Line 2

City

US State

US Zip Code

Country

Non-US Territory

Non-US Postal Code

Applicant's Primary NAICS Code

Proposed Project NAICS Code

[Click here for NAICS info](#)

Visit the [NAICS Website](#) to identify primary business and proposed project classification.

Business Structure

 **Business Structure**

Entity Location

Entity Type

Other Type

Complete  **Cancel**

Business Structure (Continued)

Entity Type	<input type="text" value="US S Corporation"/>
Is the applicant publicly traded?	<input type="checkbox"/> No
Is the applicant incorporated in California or qualified with the California Secretary of State to transact intrastate business in California?	Yes <input checked="" type="checkbox"/>
State of Incorporation	<input type="text"/>
<input type="button" value="Save"/> <input type="button" value="Complete"/> <input type="button" value="Cancel"/>	

Proposed Project

1 Proposed Project

Please provide a description of the applicant's business and a detailed description of the proposed project. Additionally, please include an in depth explanation of how award of the credit will impact the applicant's ability and/or willingness to create new full-time jobs in California that may not otherwise be created by the applicant or any other business in California. (7000 characters max)

Please select the best description of the proposed project:

- This is a growth project for an applicant located in California.
- This is a project for an out-of-state applicant coming to California.
- This project is a relocation within California.
- This project is a California retention only project.

Will the project occur in another state if the applicant is not awarded the California Competes Tax Credit?

Will the applicant terminate all or a portion of its employees in California, or relocate all or a portion of its employees in California to another state if the applicant is not awarded the California Competes Tax Credit?

Note: Retention only projects and applicants answering "yes" or "it may" to either of the two questions above will need to submit in Phase II a declaration signed by the applicant's Chief Executive Officer, President, Chief Financial Officer or equivalent officer or representative that states "absent award of the California Competes Tax Credit, the project may occur in another state or the applicant may terminate all or a portion of its employees in California or relocate all or a portion of its employees in California to another state."

Will at least 75% of the applicant's net increase of full-time employees work at least 75% of the time in a city or county that qualifies as an area of high unemployment or high poverty?

Click [here](#) for a list of cities and counties that qualify as high unemployment and high poverty areas in California for the current application period.

The applicant should describe the proposed business venture, investment, or expansion in California here. The 7000 characters includes letters, numbers, spaces, and punctuations.

Proposed Project (Continued)

Is the applicant proposing to relocate jobs into California from a state that has enacted a law that does any of the following:



(i) Voids or repeals, or has the effect of voiding or repealing, existing state protections against discrimination on the basis of sexual orientation, gender identity, or gender expression.

(ii) Authorizes or requires discrimination against same-sex couples or their families, or discrimination on the basis of sexual orientation, gender identity, or gender expression.

(iii) Creates an exemption to antidiscrimination laws in order to permit discrimination against same-sex couples or their families, or permits discrimination on the basis of sexual orientation, gender identity, or gender expression.

(iv) Denies or interferes with, or has the effect of denying or interfering with, a woman's right to choose to bear a child or to choose and obtain an abortion, as provided by Article 2.5 (commencing with Section 123460) of Chapter 2 of Part 2 of Division 106 of the Health and Safety Code.

Proposed Project (Continued)

Is all or a portion of the applicant's proposed increase of employees or investment due to an acquisition of, or merger with, another business?	<input type="button" value="▼"/>	
Is all or a portion of the applicant's proposed increase of employees due to an employee leasing arrangement with another business?	<input type="button" value="▼"/>	
Is all or a portion of the applicant's proposed increase of employees due to a reclassification of independent contractors or conversion of employees employed by any type of temporary services provider?	<input type="button" value="▼"/>	
Is all or a portion of the applicant's proposed increase of employees due to a transfer of employees from a person or entity that is treated as related to applicant under section 267, 318, or 707 of the Internal Revenue Code or from any member of a "controlled group of corporations" (as defined in Revenue and Taxation Code section 23626) in which the applicant is a member?	<input type="button" value="▼"/>	
Does the applicant currently or plan to use a professional employer organization (PEO) as the employer of record?	<input type="button" value="▼"/>	
Is all or a portion of the applicant's proposed investment due to a conversion from a lease to a purchase or vice versa of real or personal property it already controls or has already acquired?	<input type="button" value="▼"/>	
Total Amount of California Competes Tax Credit Requested (\$)		
<input type="text" value="(Whole number, from \$20,000 to \$98,000,000)"/>		
<input type="button" value="Save"/>	<input type="button" value="Complete"/>	<input type="button" value="⊘ Cancel"/>

Proposed Locations

Project Location

Address Line 1

Address Line 2

City

County

State **California Only**

US Zip Code

This is the primary location

Add Project Location **Cancel** 

If the project location is unknown, the applicant can put “unknown” in the address and city lines and insert “00000” in the Zip Code.

If there is more than one location, the user should identify the location with the most increases to employment and investment as the primary location.

Employees

Note: Tax Year will be adjusted in each application period.

1. Existing number of full-time employees in California
2. Existing number of part-time employees in California
3. Existing number of part-time and full-time employees in the US
4. Existing number of part-time and full-time employees worldwide
5. Number of California full-time employees that were hired and that will be hired in the applicant's 2023 tax year
6. Minimum **annual** wage of California full-time employees that were hired and that will be hired in the applicant's 2023 tax year (\$)
7. Average **annual** wage of California full-time employees that were hired and that will be hired in the applicant's 2023 tax year (\$)
8. Number of California full-time employees that will be hired in the applicant's 2023 tax year after

The applicant will need payroll records from the taxable year immediately before the applicant's taxable year in which the application is submitted.

Date will reflect the last day of each application period.

Investment

Investment means the amount that will be paid after the last day of the application period for qualifying real and personal property that will be purchased or leased by the applicant after the last day of the application period. Investment includes capitalized construction costs if the construction activity occurs and is paid for after the last day of the application period. For the complete definition of real and personal property, please review sections 8000(bb) and 8000(ee) of the California Competes Tax Credit regulations located [here](#).

Applicants who were previously awarded a California Competes Tax Credit or Grant must exclude any investments that were included in their approved California Competes Tax Credit or Grant Agreement.

Amount of Investment after for applicant's 2023 Tax Year

Amount of Investment for applicant's 2024 Tax Year

Amount of Investment for applicant's 2025 Tax Year

Amount of Investment for applicant's 2026 Tax Year

Amount of Investment for applicant's 2027 Tax Year

Aggregate Investment

\$0

Date will reflect the last day of each application period.

Note: Tax Year will be adjusted in each application period.

Ownership

 **Ownership**

Owners (0%)

No Owners.

Owners with a share of 25% or more must be listed here.

+ Add Owner

Complete  **Cancel**

Owner Name

Percentage (Between 25% and 100%) 

Add Owner **Cancel** 

Incentives and Programs

Incentives and Programs
<input type="checkbox"/> California Alternative Energy and Advanced Transportation Financing Authority (State Treasurer's Office)
<input type="checkbox"/> Employment Training Panel (Labor and Workforce Development Agency)
<input type="checkbox"/> Utility Economic Development Rate (Regional Utility Company)
<input type="checkbox"/> Local Programs
Local Programs - Description
<input type="checkbox"/> New Employment Credit (Franchise Tax Board)
<input type="checkbox"/> Sales and Use Tax Exemption (Department of Tax and Fee Administration)
<input type="checkbox"/> Federal Programs
Federal Programs - Description

Litigation and Violations

Is the applicant or any person or entity with a 25% or greater ownership interest in the applicant currently involved in any material litigation?

Is there any pending or resolved California Environmental Quality Act litigation relating to the applicant's project?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant been involved in any state or federal labor law violation, citation, fine, or penalty?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant been involved in any state or federal occupational safety and health litigation, or involved in any state or federal occupational safety and health violation, citation, fine, or penalty?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant been involved in any state or federal environmental (including but not limited to air, water, and ground) litigation, or involved in any state or federal environmental (including but not limited to air, water, and ground) violation, citation, fine, or penalty?

Within the last 10 years, has the applicant or any person or entity with a 25% or greater ownership interest in the applicant had any California, any other state, or federal tax lien recorded against them?

Describe material litigation, regulatory violations, and/or tax liens, including how the litigation/violations were resolved and steps taken to prevent recurrences (6000 characters)

Consultant Questions

 **Consultant Questions**

Did or will a consultant, attorney, tax practitioner, or any other third party provide any services related to this application or any aspect the California Competes Tax Credit (including but not limited to application support, negotiations, and annual compliance) for a fee?

Description of fee arrangement:

Cost of services for consultant, attorney, tax practitioner, or any other third party preparing or submitting this application, or providing any services related to any and all aspects of this application and/or post-award compliance/reporting, including but not limited to any side agreements for the California Competes Tax Credit: (\$)

Save **Complete**  **Cancel**

Submitting the Application

Once all of the sections have been marked complete the “submit” button will become active.

Sections	
Contact Information	Complete >
Business Information	Complete >
Business Structure	Complete >
Proposed Project	Complete >
Project Locations	Complete >
Employees	Complete >
Investment	Complete >
Ownership	Complete >
Incentives and Programs	Complete >
Litigation and Violations	Complete >
Consultant Questions	Complete >

Submit Options Report Phase II

Submitting the Application (Continued)

Submit Application

By clicking the SUBMIT button, you are certifying the information is complete and accurate and that you have the authority to file this application on behalf of the applicant. GO-Biz may request to see a power of attorney or the equivalent, but is under no obligation to conduct any due diligence or investigation to confirm that proper authority has been established. Further, by clicking the SUBMIT button, you agree that the person designated as the primary contact in the Contact Information section is the responsible representative for the applicant and GO-Biz will speak and negotiate directly with this person. Additionally, the e-mail address listed for the person designated as the primary contact in the Contact Information section is the authorized e-mail address and the owner of that e-mail address is responsible for receipt of GO-Biz communications sent to that e-mail address. GO-Biz is not responsible for any e-mail not received due to the recipient's security or anti-spam software, or any problems within the recipient's e-mail system.

GO-Biz, like all state agencies, is subject to the California Public Records Act (CPRA) found at Government Code section 6250 et. seq. However, a number of exemptions and prohibitions under both state and federal law apply to prevent disclosure of tax, proprietary, confidential, privileged, financial, and/or trade secret information. Additionally, Revenue and Taxation Code section 19542 specifically prohibits the release of the application and application materials submitted as part of the application process. For applicants awarded the credit, the law requires GO-Biz to post on its website the following information:

- A. The name of each taxpayer allocated a credit
- B. The estimated amount of the investment by each taxpayer
- C. The estimated number of jobs created or retained
- D. The amount of the credit allocated to the taxpayer
- E. The amount of the credit recaptured from the taxpayer, if applicable
- F. The primary location where the taxpayer has committed to increase the net number of jobs or make investments
- G. Whether the taxpayer was given priority for being located in a high poverty or high unemployment area

I agree to the conditions above.

If not awarded the California Competes Tax Credit, does the applicant want to be contacted by a member of the GO-Biz team to learn about other economic development incentives that may be available?

Submit Application

Confirmation Email

Subject: Your application was submitted

SUCCESS! Your California Competes Tax Credit application has been received by the Governor's Office of Business and Economic Development (GO-Biz). Please retain this e-mail for your records. Applicants that are moving onto Phase II, will be contacted by GO-Biz and further information as set forth in Title 10, Section 8030(g) of the California Code of Regulations will be requested.

Example Application

Widget Manufacturing, Inc.

- Currently has 50 full-time and 3 part-time employees
- Will hire 5 full-time hourly employees in both its 2023 and 2024 tax years. It will hire another 20 full-time hourly employees in its 2025 tax year. Hourly employees will be paid wages of at least \$45,000 and an average of \$60,000 on an annualized basis.
- Will hire 5 full-time salaried employees in both its 2026 and 2027 tax years. Salaried employees will be paid wages of at least \$90,000.
- Will invest \$10,000,000 purchasing a new facility in its 2024 tax year and \$7,660,000 for manufacturing equipment in its 2025 tax year.

Project Description

Please provide a description of the applicant's business and a detailed description of the proposed project. Additionally, please include an in depth explanation of how award of the credit will impact the applicant's ability and/or willingness to create new full-time jobs in California that may not otherwise be created by the applicant or any other business in California. (7000 characters max)

Widget Manufacturing, Inc. is a widget manufacturing company located in the city of Anonymous. For the last few years, Widget has experienced consistent growth over time as demand for our product increases. Our manufacturing facility is currently at capacity, and we must expand to a second location in order to meet client's demands.

The second facility is expected to cost \$10,000,000 to construct. There will be an additional \$7,660,000 in various manufacturing equipment, vehicles, and computer equipment. We predict the hiring of 40 employees at this location: 30 jobs will be manufacturing workers of varying classifications, and 10 jobs will be management and other executive positions.

For this expansion, Widget is exploring all of its options, including other states in the US. Our clients are located throughout the United States and we do not necessarily have to locate our second facility in California. We have completed an evaluation of options in other states and will provide the details upon request. If given a credit of \$1,100,000 over the 5-year period, Widget Manufacturing is willing to commit to opening its second facility in California.

Project Description (Continued)

Is all or a portion of the applicant's proposed increase of employees due to a transfer of employees from a person or entity that is treated as related to applicant under section 267, 318, or 707 of the Internal Revenue Code or from any member of a ""controlled group of corporations"" (as defined in Revenue and Taxation Code section 23626) in which the applicant is a member?

No



Does the applicant currently or plan to use a professional employer organization (PEO) as the employer of record?

No



Is all or a portion of the applicant's proposed investment due to a conversion from a lease to a purchase or vice versa of real or personal property it already controls or has already acquired?

No



Total Amount of California Competes Tax Credit Requested (\$)

1,100,000

Complete

 **Cancel**

Employees

1. Existing number of full-time employees in California	<input type="text" value="50"/>
2. Existing number of part-time employees in California	<input type="text" value="3"/>
3. Existing number of part-time and full-time employees in the US	<input type="text" value="53"/>
4. Existing number of part-time and full-time employees worldwide	<input type="text" value="53"/>
5. Number of California full-time employees that were hired and that will be hired in the applicant's 2023 tax year	<input type="text" value="5"/>
6. Minimum annual wage of California full-time employees that were hired and that will be hired in the applicant's 2023 tax year (\$)	<input type="text" value="45,000"/>
7. Average annual wage of California full-time employees that were hired and that will be hired in the applicant's 2023 tax year (\$)	<input type="text" value="60,000"/>
8. Number of California full-time employees that will be hired in the applicant's 2023 tax year after <input type="text" value="XXXX/XXXX"/>	<input type="text" value="5"/>

Date will reflect the last day of each application period.

Employees (Continued)

9. Number of California full-time employees that will be hired in the applicant's 2024 tax year

5

10. Minimum **annual** wage of California full-time employees that will be hired in the applicant's 2024 tax year (\$)

45,000

11. Average **annual** wage of California full-time employees that will be hired in the applicant's 2024 tax year (\$)

60,000

12. Number of California full-time employees that will be hired in the applicant's 2025 tax year

20

13. Minimum **annual** wage of California full-time employees that will be hired in the applicant's 2025 tax year (\$)

45,000

14. Average **annual** wage of California full-time employees that will be hired in the applicant's 2025 tax year (\$)

60,000

Employees (Continued)

15. Number of California full-time employees that will be hired in the applicant's 2026 tax year	5
16. Minimum annual wage of California full-time employees that will be hired in the applicant's 2026 tax year (\$)	90,000
17. Average annual wage of California full-time employees that will be hired in the applicant's 2026 tax year (\$)	90,000
18. Number of California full-time employees that will be hired in the applicant's 2027 tax year	5
19. Minimum annual wage of California full-time employees that will be hired in the applicant's 2027 tax year (\$)	90,000
20. Average annual wage of California full-time employees that will be hired in the applicant's 2027 tax year (\$)	90,000
21. Has the applicant previously been awarded a California Competes Tax Credit or Grant?	No, the applicant has not been previously awarded

Employees (Continued)

Base Year Calculation

22. Number of hourly full-time employees the applicant employed in California for 1,750 hours or more during the applicant's 2022 tax year

32

23. Number of salaried full-time employees the applicant employed in California for 50 weeks or more during the applicant's 2022 tax year

12

24. Number of hourly full-time employees the applicant employed in California for less than 1,750 hours during the applicant's 2022 tax year

7

25. Total number of hours worked by the employees in question 24

5,964

26. Number of salaried full-time employees the applicant employed in California for less than 50 weeks during the applicant's 2022 tax year

3

27. Total number of weeks worked by the employees in question 26

48

Number of full-time employees the applicant employed in the base year, determined on an annual full-time equivalent basis.

48.368

Remember part-time employees do not qualify under the annual full-time equivalent calculation

Employees (Continued)

2023 Tax Year

28. Number of hourly full-time employees the applicant will employ in California for 1,750 hours or more during the applicant's 2023 tax year

36

29. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2023 tax year

14

30. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2023 tax year

5

31. Total number of hours that will be worked by the employees in question 30

2,500

32. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2023 tax year

0

33. Total number of weeks that will be worked by the employees in question 32

0

Number of full-time employees the applicant will employ in the 2023 tax year, determined on an annual full-time equivalent basis.

51.429

Multiply the hours projected to be worked by the number of new full-time employees that will be hired mid-year

Employees (Continued)

2024 Tax Year

34. Number of hourly full-time employees the applicant will employ in California for 1,750 hours or more during the applicant's 2024 tax year

41

35. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2024 tax year

14

36. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2024 tax year

5

37. Total number of hours that will be worked by the employees in question 36

2,500

38. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2024 tax year

0

39. Total number of weeks that will be worked by the employees in question 38

0

Number of full-time employees the applicant will employ in the 2024 tax year, determined on an annual full-time equivalent basis.

56.429

Employees (Continued)

2025 Tax Year

40. Number of hourly full-time employees the applicant will employ in California for 1,750 hours or more during the applicant's 2025 tax year

46

41. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2025 tax year

14

42. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2025 tax year

20

43. Total number of hours that will be worked by the employees in question 42

10,000

44. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2025 tax year

0

45. Total number of weeks that will be worked by the employees in question 44

0

Number of full-time employees the applicant will employ in the 2025 tax year, determined on an annual full-time equivalent basis.

65.714

Employees (Continued)

2026 Tax Year

46. Number of hourly full-time employees the applicant will employ in California for 1,750 hours or more during the applicant's 2026 tax year

66

47. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2026 tax year

14

48. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2026 tax year

0

49. Total number of hours that will be worked by the employees in question 48

0

50. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2026 tax year

5

51. Total number of weeks that will be worked by the employees in question 50

150

Number of full-time employees the applicant will employ in the 2026 tax year, determined on an annual full-time equivalent basis.

83.000

Employees (Continued)

2027 Tax Year

52. Number of hourly full-time employees the applicant will employ in California for 1,750 hours or more during the applicant's 2027 tax year

66

53. Number of salaried full-time employees the applicant will employ in California for 50 weeks or more during the applicant's 2027 tax year

19

54. Number of hourly full-time employees the applicant will employ in California for less than 1,750 hours during the applicant's 2027 tax year

0

55. Total number of hours that will be worked by the employees in question 54

0

56. Number of salaried full-time employees the applicant will employ in California for less than 50 weeks during the applicant's 2027 tax year

5

57. Total number of weeks that will be worked by the employees in question 56

150

Number of full-time employees the applicant will employ in the 2027 tax year, determined on an annual full-time equivalent basis.

88.000

Aggregate Employee Compensation

\$6,609,549

Investment

Investment means the amount that will be paid after the last day of the application period for qualifying real and personal property that will be purchased or leased by the applicant after the last day of the application period. Investment includes capitalized construction costs if the construction activity occurs and is paid for after the last day of the application period. For the complete definition of real and personal property, please review sections 8000(bb) and 8000(ee) of the California Competes Tax Credit regulations located [here](#).

Applicants who were previously awarded a California Competes Tax Credit or Grant must exclude any investments that were included in their approved California Competes Tax Credit or Grant Agreement.

Amount of Investment after <input type="text" value="xx/xx/xxxx"/> for applicant's 2023 Tax Year	<input type="text" value="0"/>
Amount of Investment for applicant's 2024 Tax Year	<input type="text" value="10,000,000"/>
Amount of Investment for applicant's 2025 Tax Year	<input type="text" value="7,660,000"/>
Amount of Investment for applicant's 2026 Tax Year	<input type="text" value="0"/>
Amount of Investment for applicant's 2027 Tax Year	<input type="text" value="0"/>
Aggregate Investment	\$17,660,000

Date will reflect the last day of each application period.

My Application

Widget Manufacturing, Inc.

Submitted



Ratio: .045324287 = CR:\$1,100,000 / (AEC:\$6,609,549 + AI:\$17,660,000)

Cost-Benefit
Ratio Example

Historical Ratios: Tax Credit Program

FISCAL YEAR	RATIO
2021-22 3rd period	.0601
2022-23 1st period	.0380
2022-23 2nd period	.0629
2022-23 3rd period	.0779

This information is updated after every application period and can be found online at <https://business.ca.gov/CalCompetes/> under Frequently Asked Questions.

Historical Ratios: Grant Program

FISCAL YEAR	RATIO
2021-22 2nd period	.0239
2022-23 1st period	.0256

Contractual Milestones / Credit Allocation

Taxpayer: Widget Manufacturing, Inc.

	2022 Tax Year (Base)	2023 Tax Year	2024 Tax Year	2025 Tax Year	2026 Tax Year	2027 Tax Year	Total
Total California Full-Time Employees ¹	48	51	56	66	83	88	
Net Increase of Full-Time Employees Compared to the Base Year		3	8	18	35	40	
Minimum Annual Wage of California Full-Time Employees Hired		\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	
Cumulative Average Annual Wage of California Full-Time Employees Hired		\$60,000	\$60,000	\$60,000	\$64,286	\$67,500	
Investments		\$0	\$10,000,000	\$7,660,000	\$0	\$0	\$17,660,000
Tax Credit Allocation		\$82,500	\$137,500	\$275,000	\$467,500	\$137,500	\$1,100,000

¹ Determined on an annual full-time equivalent basis

California Competes

Questions?



Apply: www.calcompetes.ca.gov

Email: calcompetes@gobiz.ca.gov

Phone: (916) 322-4051

Governor's Office of Business & Economic Development
1325 J Street, Suite 1800
Sacramento, CA 95814

<https://business.ca.gov/CalCompetes/>